

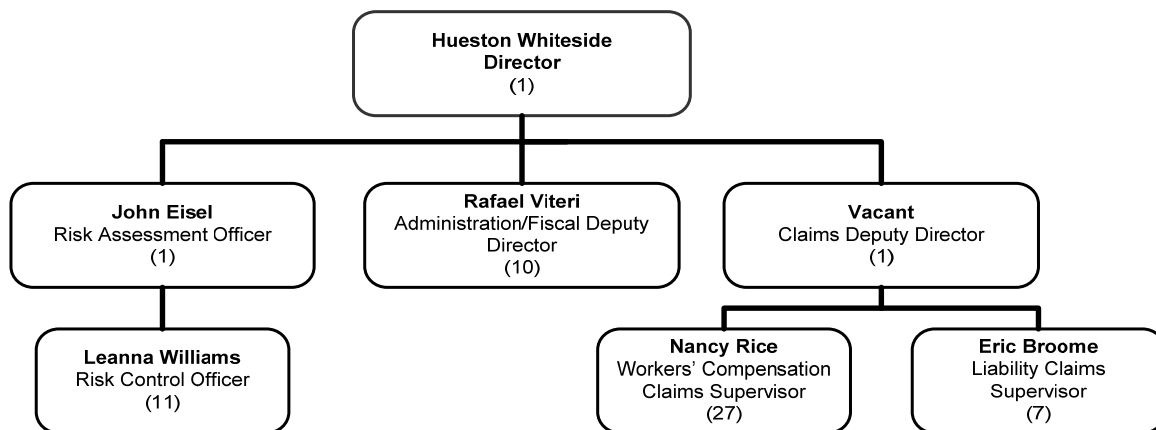
RISK MANAGEMENT Hueston Whiteside

DEPARTMENT MISSION STATEMENT

Risk Management seeks to minimize the frequency and severity of financial loss to the County through an Integrated Risk Management Program that includes identification and assessment of exposures that can result in loss, effective risk reduction and loss prevention programs for identified risks, aggressive claims management, and fiscally responsible risk financing and recovery.



ORGANIZATIONAL CHART



2012-13 ACCOMPLISHMENTS

- Adjusted all liability and workers' compensation claims and their resultant liabilities have been adjusted to reflect reserves for the life of the claim. This adjustment enables the County to see incurred losses today and into the future for loss modeling and funding purposes.
- Enhanced the County's Workers' Compensation insurance program to reflect the healthy status of reserve funding and appropriately account for catastrophic events. The new program will insure that in the event a catastrophic loss the County's assets will be protected all while saving the County over \$250,000 per year in premiums.
- Completed a major digitizing effort which reduces waste, lowers cost and improves document retrieval efficiency. This effort will provide dividends into the future as less storage space will be required and instant retrieval of vital documents and insurance policies will improve information flow and speed the rate at which losses are recovered.
- Completed the final stages of the Department's virtual classroom and the deployment of online "live" training to employees and supervisors. This training modality allows County employees and supervisors to attend live training while at their home base. Interactive computer input allows the instant administration of questions, answers and examinations from remote locations while achieving the retention rate of live training. This modality saves the County from unproductive travel time and travel related expense while increasing convenience and participation.

COUNTY GOALS AND OBJECTIVES AND DEPARTMENT PERFORMANCE MEASURES**COUNTY GOAL: OPERATE IN A FISCALLY-RESPONSIBLE AND BUSINESS-LIKE MANNER**

Objective(s): • *Live within our means, fully funding basic operating systems, liabilities and reserves, while forming capital to strategically invest in the future.*

Department Strategy: • *Minimize the total cost of risk, through insurance purchasing, risk retention and risk transfer.*

Measurement	2011-12 Actual	2012-13 Target	2012-13 Estimate	2013-14 Target
Cost of risk as a percent of County budget. Target less than 2%.	1.8%	<2%	1.9%	<2%

COUNTY GOAL: IMPROVE COUNTY GOVERNMENT OPERATIONS

Objective(s): • *Develop consistent messaging for the organization.*
• *Ensure that employees know that they and their work are valued.*

Department Strategy: • *Provide formal training courses and informal consultation targeting safety, loss control, and risk transfer needs as identified by departments.*

Measurement	2011-12 Actual	2012-13 Target	2012-13 Estimate	2013-14 Target
Percentage increase in number of people who are trained (2,168 baseline).	14%	15%	18%	25%



SUMMARY OF BUDGET UNITS

	2013-14					
	Requirements	Sources	Net County Cost	Fund Balance	Net Budget	Staffing
<u>Internal Service Funds</u>						
Operations	6,362,438	6,362,438			0	58
Insurance Programs	93,832,429	65,504,055			(28,328,374)	0
Total Internal Service Funds	100,194,867	71,866,493			(28,328,374)	58

5-YEAR REQUIREMENTS TREND					
	2009-10	2010-11	2011-12	2012-13	2013-14
Operations	6,597,156	5,869,647	5,847,272	6,382,955	6,362,438
Insurance Programs	66,040,123	67,582,150	73,666,148	92,906,742	93,832,429
Total	72,637,279	73,451,797	79,513,420	99,289,697	100,194,867

5-YEAR SOURCES TREND					
	2009-10	2010-11	2011-12	2012-13	2013-14
Operations	6,570,156	5,816,912	5,794,537	6,357,955	6,362,438
Insurance Programs	68,127,100	62,912,172	67,269,962	67,817,623	65,504,055
Total	74,697,256	68,729,084	73,064,499	74,175,578	71,866,493

5-YEAR NET BUDGET TREND					
	2009-10	2010-11	2011-12	2012-13	2013-14
Operations	(27,000)	(52,735)	(52,735)	(25,000)	0
Insurance Programs	2,086,977	(4,669,978)	(6,396,186)	(25,089,119)	(28,328,374)
Total	2,059,977	(4,722,713)	(6,448,921)	(25,114,119)	(28,328,374)

Note: Beginning in fiscal year 2012-13, Capital Expenditures have been included and Depreciation has been excluded in requirements in enterprise and internal service funds for budgetary purposes. In the table above, prior years have been restated for consistency.



Operations

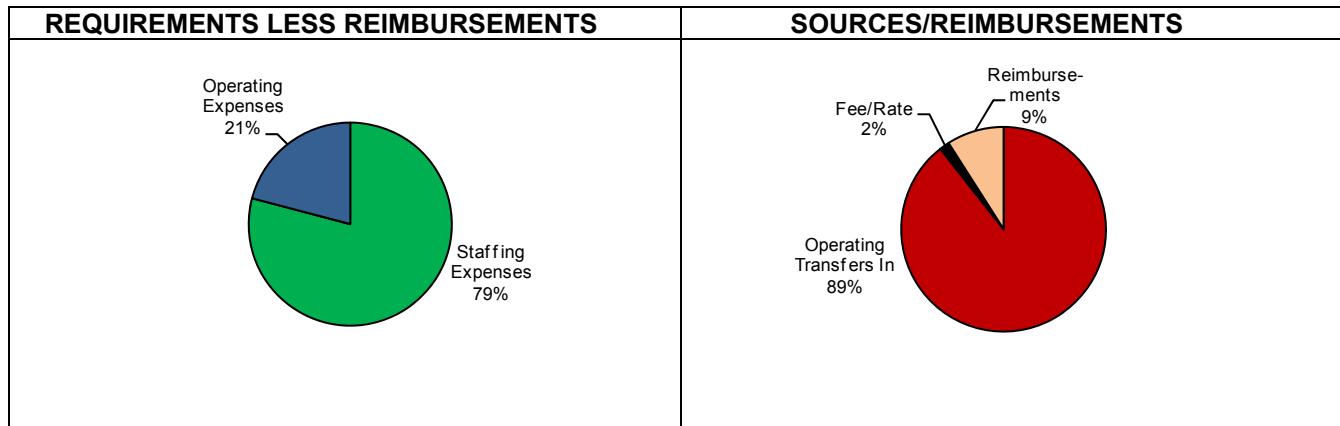
DESCRIPTION OF MAJOR SERVICES

Risk Management administers the County's self-insured workers' compensation, public liability, property conservation, safety and risk reduction programs and its insured programs. All programs are paid from self-insurance funds and financed by charging general fund and non-general fund departments, as well as Board-Governed Special Districts and County Service Areas. Each is billed for its specific coverage for the cost to pay losses under the self-insured programs and the cost of insurance for the insured programs.

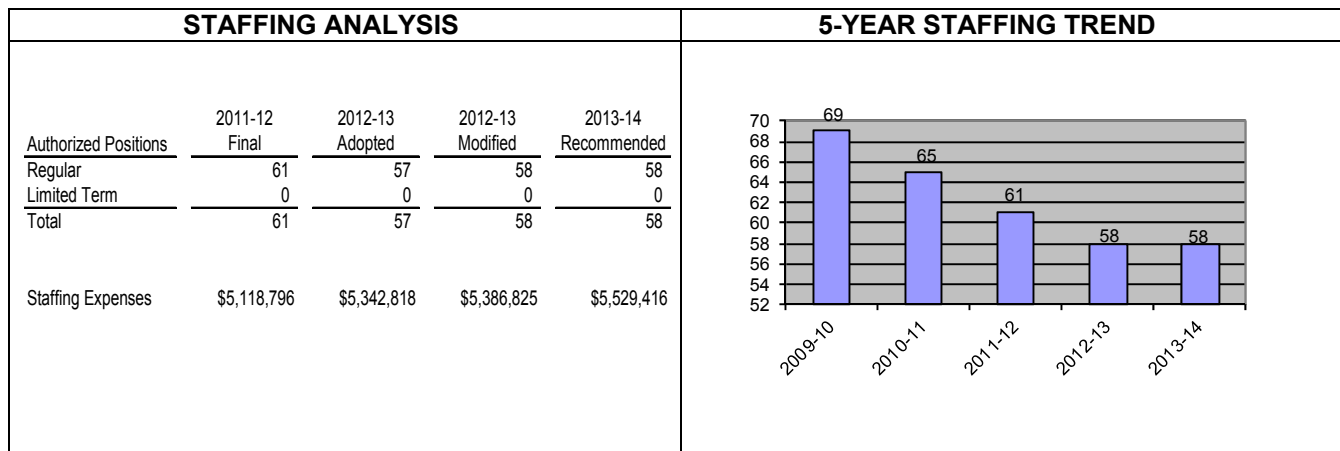
Budget at a Glance

Total Requirements	\$6,362,438
Total Sources	\$6,362,438
Net Budget	\$0
Estimated Unrestricted Net Assets	\$10,111
Use of Unrestricted Net Assets	\$0
Total Staff	58

2013-14 RECOMMENDED BUDGET



BUDGETED STAFFING



ANALYSIS OF 2013-14 RECOMMENDED BUDGET

GROUP: Administration
DEPARTMENT: Risk Management
FUND: Operations

BUDGET UNIT: IBP RMG
FUNCTION: General
ACTIVITY: Other General

	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Estimate	2012-13 Modified Budget	2013-14 Recommended Budget	Change From 2012-13 Modified Budget
Requirements							
Staffing Expenses	5,383,835	5,243,193	5,118,796	5,361,376	5,386,825	5,529,416	142,591
Operating Expenses	1,131,401	1,160,681	1,323,224	1,594,609	1,592,696	1,461,645	(131,051)
Capital Expenditures	31,500	35,822	52,735	0	25,000	0	(25,000)
Contingencies	0	0	0	0	0	0	0
Total Exp Authority	6,546,736	6,439,696	6,494,755	6,955,985	7,004,521	6,991,061	(13,460)
Reimbursements	(664,636)	(570,052)	(634,025)	(621,566)	(621,566)	(628,623)	(7,057)
Total Appropriation	5,882,100	5,869,644	5,860,730	6,334,419	6,382,955	6,362,438	(20,517)
Operating Transfers Out	0	0	0	0	0	0	0
Total Requirements	5,882,100	5,869,644	5,860,730	6,334,419	6,382,955	6,362,438	(20,517)
Sources							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State, Fed or Gov't Aid	29	0	0	0	0	0	0
Fee/Rate	97,610	125,214	106,155	103,000	110,000	110,000	0
Other Revenue	(334,872)	(12,133)	(197,608)	20,000	20,000	25,000	5,000
Total Revenue	(237,233)	113,081	(91,453)	123,000	130,000	135,000	5,000
Operating Transfers In	6,516,493	6,238,507	5,920,689	6,211,419	6,227,955	6,227,438	(517)
Total Sources	6,279,260	6,351,588	5,829,236	6,334,419	6,357,955	6,362,438	4,483
Net Budget	397,160	481,944	(31,494)	0	(25,000)	0	25,000
Budgeted Staffing					58	58	0

MAJOR EXPENDITURES AND REVENUE IN 2013-14 RECOMMENDED BUDGET

Staffing expenses of \$5.5 million make up the majority of the Department's expenditures within this budget unit for 2013-14. These expenses fund 58 budgeted positions and are necessary to administer the County's insurance programs.

Sources of \$6.4 million are primarily made up of operating transfers in from the insurance funds which are funded through Board of Supervisor's approved premiums paid by departments, Board-Governed Special Districts, and County Service Areas.

BUDGET CHANGES AND OPERATIONAL IMPACT

Requirements are decreasing by \$20,517 based primarily on the increase in salaries and benefits which is offset by the decrease of the COWCAP allocation.

Sources are increasing by \$4,483 primarily due to lower operating transfers in from the insurance funds. This also includes unchanged administrative fee revenue from the Emergency Medical Services Program of \$110,000 and an expected increased level of interest revenue.

STAFFING CHANGES AND OPERATIONAL IMPACT

Staffing expenses of \$5.5 million fund 58 budgeted regular positions.



2013-14 POSITION SUMMARY

Division	Regular	Limited Term	Total	Filled	Vacant	New	Total
Administration	13	0	13	12	1	0	13
Liability Claims	7	0	7	6	1	0	7
Risk Control	11	0	11	10	1	0	11
Worker's Compensation Claims	27	0	27	25	2	0	27
Total	58	0	58	53	5	0	58

Administration	Liability Claims	Risk Control
<u>Classification</u>	<u>Classification</u>	<u>Classification</u>
1 Accountant II	1 Liability Claims Representative I	5 Dept. Risk Control Specialist
1 Accounting Technician	1 Liability Claims Representative III	1 Office Assistant III
2 Applications Specialist	3 Liability Claims Representative	1 Risk Control Officer
2 Deputy Director of Risk Mgmt	1 Office Assistant III	3 Risk Control Specialist
1 Director of Risk Management	1 Supvg Liability Claims Rep	1 Staff Analyst II
1 Executive Secretary II	7 Total	11 Total
2 Fiscal Assistant		
1 Office Assistant II		
1 Staff Analyst II		
1 Risk Assessment Officer		
13 Total		
Worker's Compensation Claims		
7 Claims Assistant		
1 Fiscal Assistant		
1 Medical Only Claims Adjuster		
2 Office Assistant II		
1 Office Assistant III		
1 Supv Workers Comp Adjuster		
13 Workers Comp Adjuster II		
1 Workers Comp Adjuster III		
27 Total		



Insurance Programs

DESCRIPTION OF MAJOR SERVICES

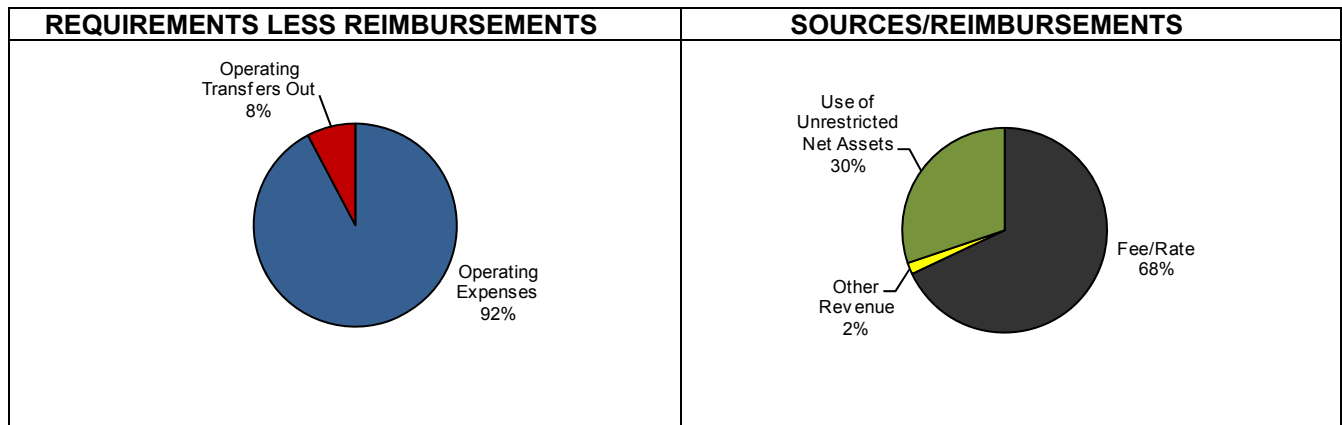
Risk Management administers the County's self-insured workers' compensation, public liability, property conservation, safety and risk reduction programs and its insured programs. All programs are paid from self-insurance funds and financed by charging general fund and non-general fund departments, as well as Board-Governed Special Districts and County Service Areas. Each is billed for its specific coverage for the cost to pay losses under the self-insured programs and the cost of insurance for the insured programs.

Budget at a Glance

Total Requirements	\$93,832,429
Total Sources	\$65,504,055
Net Budget	(\$28,328,374)
Estimated Unrestricted Net Assets	\$117,221,354
Use of Unrestricted Net Assets	\$28,328,374
Total Staff	0

There is no staffing associated with this budget unit. Staff that administers these insurance programs are budgeted in Risk Management's Operations budget unit.

2013-14 RECOMMENDED BUDGET



ANALYSIS OF 2013-14 RECOMMENDED BUDGET

GROUP: Administration
DEPARTMENT: Risk Management
FUND: Insurance Programs

BUDGET UNIT: Various
FUNCTION: General
ACTIVITY: Insurance Programs

	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Estimate	2012-13 Modified Budget	2013-14 Recommended Budget	Change From 2012-13 Modified Budget
Requirements							
Staffing Expenses	0	0	0	0	0	0	0
Operating Expenses	58,310,699	60,568,396	67,173,901	58,327,793	86,263,576	86,604,991	341,415
Capital Expenditures	0	0	9,110	(9,124)	8,000	0	(8,000)
Contingencies	0	0	0	0	0	0	0
Total Exp Authority	58,310,699	60,568,396	67,183,011	58,318,669	86,271,576	86,604,991	333,415
Reimbursements	0	0	0	0	0	0	0
Total Appropriation	58,310,699	60,568,396	67,183,011	58,318,669	86,271,576	86,604,991	333,415
Operating Transfers Out	7,114,024	6,558,844	6,235,825	6,210,324	6,635,166	7,227,438	592,272
Total Requirements	65,424,723	67,127,240	73,418,836	64,528,993	92,906,742	93,832,429	925,687
Sources							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State, Fed or Gov't Aid	16,875	0	0	0	0	0	0
Fee/Rate	67,247,750	58,486,072	67,268,843	62,354,284	62,878,000	63,796,500	918,500
Other Revenue	4,721,680	3,415,163	2,334,747	2,360,045	4,939,623	1,707,555	(3,232,068)
Total Revenue	71,986,305	61,901,235	69,603,590	64,714,329	67,817,623	65,504,055	(2,313,568)
Operating Transfers In	1,778	0	0	0	0	0	0
Total Sources	71,988,083	61,901,235	69,603,590	64,714,329	67,817,623	65,504,055	(2,313,568)
Net Budget	6,563,360	(5,226,005)	(3,815,246)	185,336	(25,089,119)	(28,328,374)	(3,239,255)
Budgeted Staffing					0	0	0

MAJOR EXPENDITURES AND REVENUE IN 2013-14 RECOMMENDED BUDGET

Operating expenses of \$86.6 million include judgment and settlement costs, medical treatment and expenses, temporary disability and loss earnings, property insurance, and legal defense services.

Operating transfers out of \$7.2 million include \$6.2 million in funding to the Operations budget unit and \$1.0 million in reimbursements to departments for claims costs. The \$592,272 increase represents increased program administration expenses.

Sources of \$65.5 million include \$63.6 million in insurance premiums collected from user departments.

BUDGET CHANGES AND OPERATIONAL IMPACT

Requirements are increasing by \$925,687 due to increases in operating transfers out for administration expenses and due to ongoing costly settlements and increased liability claim experience. Additionally, there are increased medical claims costs in workers' compensation and premiums for excess insurance are also expected to increase.

Sources are decreasing by \$2.3 million due primarily to less insurance recoveries and anticipated interest revenue.

STAFFING CHANGES AND OPERATIONAL IMPACT

There is no staffing associated with this budget unit. Staff that administers these insurance programs are budgeted in Risk Management's Operations budget unit.

